

Press release, Borås, 25 August 2023

## ELLOS GROUP AB (PUBL) INTERIM REPORT JANUARY - JUNE 2023

The interim report for Ellos Group AB (publ) is published today.

### THE SECOND QUARTER 2023

- Net sales decreased by 6.6 % to SEK 802.1 (858.4) million. Organically, net sales decreased by 2.2 %.
- The gross margin increased to 53.6 (51.5) %.
- Adjusted EBITA amounted to SEK 41.3 (8.4) million. The adjusted EBITA margin\* stood at 5.1 (1.0) %.
- The operating profit/loss amounted to SEK 13.8 (-1.7) million. The operating margin was 1.7 (-0.2) %.
- Cash flow from operating activities amounted to SEK 25.8 (16.8) million.
- Inventories amounted to SEK 699.1 (792.2) million.

### SIX MONTHS 2023

- Net sales decreased by 6.0 % to SEK 1 618.5 (1 721.0) million. Organically, net sales decreased by 2.6 %.
- The gross margin increased to 52.3 (51.5) %.
- Adjusted EBITA amounted to SEK 48.1 (23.4) million. The adjusted EBITA margin\* stood at 3.0 (1.4) %.
- The operating profit/loss amounted to SEK -3.0 (-24.9) million. The operating margin was -0.2 (-1.5) %.
- Cash flow from operating activities amounted to SEK -24.3 (-87.1) million.
- Inventories amounted to SEK 699.1 (792.2) million.

### Comment from the CEO of Ellos Group AB (publ)

#### STRONG PROFIT IMPROVEMENT

Ellos Group delivered strong profit improvement for the year's second quarter, a period marked by a continued challenging market and an overall challenging situation for household finances.

The profit improvement was driven by margin growth, with a 2.5 percentage point gross margin increase and a 2.1 percentage point selling expenses decrease in relation to sales, as compared with last year. This is a clear indication that our focus on efficiency improvements and cost savings is starting to take effect. Cost efficiency will remain a prioritised area for Ellos Group's management.

This is particularly important as we are seeing a continued decline in demand for the market as a whole, with purchasing power dampened by high inflation, sharply rising interest rates and some movement towards brick-and-mortar shopping in the wake of the pandemic. The Swedish Trade Federation's E-commerce Indicator estimates that e-commerce in Sweden decreased 4 per cent for the January – July period as compared with last year. Our organic net sales decreased 2.2 per cent compared with Q2 2022 and 2.6 per cent compared

with first half-year 2022. The E-commerce Indicator estimates a decrease of 20-40 per cent for home furnishings and furniture in the period January - July. In this context, our home offer holds a strong position.

Efforts to adapt inventory and purchasing to the new macroeconomic situation have continued. At the end of the quarter, the inventory was SEK 93 million lower than the previous year, which corresponds to a reduction of 12 per cent. Cash flow from operating activities increased to SEK 26 million during the quarter, despite rising interest rates.

We continue to implement our strategy to increase focus on our offer to our core customers – women in mid-life. Private label sales are a key element of this strategy, representing 65 per cent of Group sales. In times like these, having attractive, sustainable and affordable offers becomes even more important. Ellos launched several successful swimwear and summer dress collections during the quarter, with styles, ranges and sizes that few operators can offer.

# ELLOS GROUP

We invested in our platform last year to effectively scale private label sales in selected European marketplaces. We now reach eight markets in Europe with our Fashion and Home Furnishing offers, which include Zalando and Westwing. The sales trend in these markets reinforces our conviction that our private labels provide us with a strong, competitive offer.

Our strategy also includes a continued focus on our payment solutions. We have consolidated our payment solutions under the Elpy brand, which has been rolled out incrementally across our e-commerce sites. We have also established Elpy as a new business area in the Group and have recruited a new Business Area Manager, who reports directly to me, to join the Group Management team.

Sustainability remains a key, prioritised area for Ellos Group and our industry. We focused during the quarter on consolidating our supplier base to improve collaboration with selected suppliers on

CSR and environmental issues, and on increasing follow-up and transparency across the value chain. We believe this consolidation will also produce economies of scale and improve our negotiating position with suppliers. With increasing ESG reporting requirements, Ellos Group has signed an agreement with Worldfavor for a digital solution that helps identify the company's impact and supply chain transparency. During the quarter, we also published our annual sustainability report, detailing our progress in 2022 and our sustainability priorities for 2023.

In the current situation, we are closely monitoring market developments. Improving our cost efficiency and continuing to invest in our core customers are our focus areas for 2023 and are prerequisites for our continued competitiveness. As a leading e-commerce player with strong home furnishing and fashion brands, we have no doubt about the industry's favourable long-term conditions, and we are confident about the future.

Hans Ohlsson, CEO

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*This information is information that Ellos Group AB (publ) is legally obliged to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. Through the agency of the contact persons shown above, the information was released for publication on 25 August 2023 08.30 CET.*

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## ABOUT ELLOS GROUP

The Ellos Group, which includes the e-stores Ellos, Jotex, Homeroom and payment brand Elpy, is a leading e-commerce group in the Nordic region. Working closely with our millions of customers, we are constantly striving to develop and offer attractive and sustainable fashion and household items for the entire family. Our focus is always on the customer. We continuously work to develop our business through innovation, creativity, and sustainability. The Ellos Group, headquartered in Borås, and with operations in all Nordic countries and selected European markets, has around 600 employees and sales of around SEK 3.6 billion.

[www.ellosgroup.com](http://www.ellosgroup.com)